

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 020669
ORIGIN EB-08

INFO OCT-01 EA-07 ISO-00 AGRE-00 FMC-01 COME-00 CIAE-00
DODE-00 DOTE-00 INR-07 NSAE-00 SAL-01 CG-00 DLOS-06
OES-06 TRSE-00 OMB-01 L-03 AID-05 /046 R

DRAFTED BY EB/TCA/MA:CTAYLOR,JR.:BST

APPROVED BY EB/TCA/MA:RKBANK

EAPHL:JSARTORIUS

AGR/CCC:RSPENCER(SUBS)

FMC:TCHRISTENSEN

MARAD:FRAITER(INFO)

-----291837Z 108434 /46

R 290146Z JAN 77

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

LIMITED OFFICIAL USE STATE 020669

E.O. 11652: N/A

TAGS: EWWT, RP

SUBJECT: SHIPPING DISCRIMINATION: FLAG PREFERENCE
AND CCC-FINANCED SHIPMENTS

REF: A) MANILA 270; B) 76 STATE 304461

1. DEPARTMENT CONCURS THAT EMBASSY SHOULD, AS INITIAL APPROACH, RAISE ISSUE OF FLAG PREFERENCE REGARDING CCC-FINANCED SHIPMENTS WITH DBP ON LOW-KEY, INFORMAL BASIS.

2. EMBASSY SHOULD, HOWEVER, EXPRESS USG CONCERN OVER DISCRIMINATORY MEASURES AFFECTING ALL CCC-FINANCED SHIPMENTS. REGARDING PARA 6 OF REF A, DEPARTMENT INFORMED BY GRAIN INDUSTRY CONTACTS THAT UNDER RECENT CHANGE IN

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 020669

PROCEDURES BOOKING OF GRAIN NO LONGER HANDLED BY SHIPPER BUT IS NOW HANDLED BY AGENCY IN PHILIPPINES DESIGNATED BY CONSIGNEE. HENCE, IT IS DEPARTMENT'S IMPRESSION THAT GRAIN SHIPMENTS HAVE NOW BEEN BROUGHT UNDER SAME DISCRIMINATORY SHIPPING RESTRICTIONS AS OTHER COMMODITIES.

3. WHILE GRAIN IS NOT A PREFERRED LINER CARGO, CONVEN-

TIONAL LINERS DO CARRY LIMITED QUANTITIES OF GRAIN, AS DO BARGE-CARRYING VESSELS (LASH/SEABEE). AS A PRACTICAL MATTER, HOWEVER, DISCRIMINATION AFFECTING GRAIN SHIPMENTS LIKELY TO BE OF LESS CONCERN TO U.S. LINES AND LESS LIKELY TO RESULT IN USG-GOP CONFRONTATION. U.S. DRY BULK CARRIER FLEET IS SMALL, ANTIQUATED, AND GENERALLY NOT COMPETITIVE IN INTERNATIONAL TRADE. FURTHERMORE, BULK CARRIERS ARE NOT SUBJECT TO JURISDICTION OF FEDERAL MARITIME COMMISSION; HENCE FLAG RESTRICTIONS AFFECTING GRAIN SHIPMENTS WOULD BE LESS LIKELY TO TRIGGER ACTION UNDER SECTION 19 OF THE MERCHANT MARINE ACT OF 1920 (ERRONEOUSLY IDENTIFIED AS SECTION 19 OF THE SHIPPING ACT OF 1916 IN REF B, PARA 4). SUCH DISCRIMINATION IS, HOWEVER, COVERED BY SECTION 301 OF THE 1974 TRADE ACT, WHICH PROVIDES THAT QUOTE WHENEVER THE PRESIDENT DETERMINES THAT A FOREIGN COUNTRY OR INSTRUMENTALITY...ENGAGES IN DISCRIMINATORY OR OTHER ACTS OR POLICIES WHICH...BURDEN OR RESTRICT U.S. COMMERCE (DEFINED TO INCLUDE SERVICES), (HE) SHALL TAKE ALL APPROPRIATE AND FEASIBLE STEPS WITHIN HIS POWER TO OBTAIN THE ELIMINATION OF SUCH RESTRICTIONS...UNQUOTE. THESE STEPS MAY INCLUDE IMPOSITION OF DUTIES OR IMPORT RESTRICTIONS ON PRODUCTS OF SUCH FOREIGN COUNTRY OR INSTRUMENTALITY. 1974 TRADE ACT, HOWEVER, HAS BEEN ONLY RARELY INVOKED IN SHIPPING DISPUTES, AND INVOCATION SEEMS UNLIKELY IN THIS CASE.

4. HENCE, AS PRACTICAL MATTER, REMOVAL OF FLAG RESTRICTIONS ON COTTON AND TOBACCO WOULD PROBABLY EFFECTIVELY DEFUSE PROBLEM. EMBASSY MAY INDICATE THAT WHILE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 020669

USG OPPOSES ALL DISCRIMINATORY PRACTICES AFFECTING COMMERCIAL CARGO, IT IS PARTICULARLY CONCERNED ABOUT FLAG RESTRICTIONS AFFECTING COTTON AND TOBACCO.

5. PLEASE REPORT RESULTS OF DISCUSSIONS WITH DBP. IF RESULTS OF THESE DISCUSSIONS DO NOT APPEAR PROMISING, DEPARTMENT WOULD APPRECIATE EMBASSY RECOMMENDATIONS REGARDING MOST EFFECTIVE MEANS OF PURSUING MATTER FURTHER WITH GOP. WE CONSIDER IT IMPORTANT TO RESOLVE PROBLEM DIPLOMATICALLY AND FORESTALL POSSIBLE SECTION 19 ACTION BY FMC. (AS EMBASSY PROBABLY AWARE, SECTION 19 PROVIDES FOR IMPOSITION OF COUNTERVAILING MEASURES ON VESSELS OF NATIONS WHICH DISCRIMINATE AGAINST U.S. FLAG SHIPPING; SUCH ACTION CAN BE TAKEN AT REQUEST OF U.S. CARRIERS OR ON FMC INITIATIVE, IF FMC BELIEVES SITUATION WARRANTS IT.)
VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE TRANSPORTATION, LAW, DISCRIMINATION, CREDIT, FINANCIAL PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Jan-1977 12:00:00 am
Decapton Date: 01-Jan-1960 12:00:00 am
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE020669
Document Source: CORE
Document Unique ID: 00
Drafter: CTAYLOR, JR.:BST
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770033-0273
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977015/aaaaadyg.tel
Line Count: 114
Litigation Code IDs:
Litigation Codes:
Litigation History: Hold (001 Tobacco) added on 4/16/2009 3:39:03 PM by WASHDCMcGoldRJ, Hold (001 Tobacco) removed on 4/16/2009 3:45:09 PM by WASHDCMcGoldRJ (Litigation Hold Lifted)
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 582e71d9-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 MANILA 270, 76 STATE 304461
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3592466
Secure: OPEN
Status: NATIVE
Subject: SHIPPING DISCRIMINATION: FLAG PREFERENCE AND CCC-FINANCED SHIPMENTS
TAGS: EWWT, RP
To: MANILA
Type: TE
vdkgwkey: odbc://SAS/SAS.dbo.SAS_Docs/582e71d9-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009